

IAMAI Submission on Motor Vehicle Aggregators Scheme, 2021

The Internet and Mobile Association of India ("IAMAI") is a not-for-profit industry body and we play a key role in ensuring the growth and sustainability of the digital industry. We firmly believe that the digital industry is going to be a major driving force in the economic and social development of the country which includes job creation, innovation, contribution to the GDP, inclusion and empowerment of our citizens, etc.

Transport Department, GNCTD Delhi government has issued a draft Motor Vehicle Aggregators Scheme, 2021 for licensing and regulation of aggregators providing passenger transport services and for regulation of other delivery aggregators providing delivery service of goods and services, including last-mile delivery service providers in the National Capital Territory of Delhi. We would like to thank the Transport Department for giving us the opportunity to share our inputs on the draft rules.

IAMAI on behalf of its members would like to share feedback on the draft Motor Vehicle Aggregators Scheme, 2021. We have set out our most pressing concerns along with our suggestions below.

IAMAI Submission:

1. Electric Vehicle Targets:

Section 8.1 Post the grant of aggregator license to respective applicants, the Aggregators shall ensure the following % of all new onboarded fleets to be electric vehicles (EVs).

- Within the first 6 months from the day of grant of license 10%
- Within One year from the day of grant of license 25%
- Within Two years from the day of grant of license 50%

Issue / Impact:

The industry is committed to the adoption of EVs, and some of our members are part of the Climate Group's global electric initiative EV100. We welcome the government moves and policies to encourage EV adoption in last mile delivery business models. However, we request for more feasible targets.

Details of conversion as per a mutually agreed phased plan between the Industry and Dept. of Transport, Govt. of Delhi may be reported by aggregators on a periodic basis (Preferably Yearly) as opposed to it being mandated under law by the Govt. Any penalties should be avoided for the next 2-3 years as pragmatic data points are gathered around pragmatic issues (product availability, high cost of adoption, lack of charging infrastructure) with EV uptake in this industry and subsequently if any should be levied in consonance with the Motor Vehicle Law.

The target is steep and may not be feasibly achieved in the timeline specified. The timeline is further tightened by the draft notification SG-DL-E-08022022-233232 by the Department of Environment, GNCTD dated 08/02/2022, giving aggregators less than a year for 50% conversion of new fleet.

Platforms/aggregators do not own fleets of their own - the vehicles used for delivery are either owned or rented by delivery partners themselves. Essentially, the impediments include:

- **Exclusion of people from participating in the gig economy:** The high target on new-onboard might lead to people being excluded from becoming delivery partners simply because of their vehicle type. Some of the people might not have EVs at the start of their association with platform, and making half the new fleet EV as a mandate will lead to their exclusion from the gig economy.
- **High attrition rate amongst new onboards:** Around 50% of the new onboards churn out of platform within 4 weeks of onboarding. This makes reaching the targets only via new on-onboards difficult. There should be a process for de-boarding and any money paid for licensing may be refunded unless the partner is re-boarded.
- **Lack of financial aid to invest in new EV:** A newly onboarded partner with no work history might not be financially equipped to invest in a new electric vehicle. Due to this reason, and so that initial capital wastage can be avoided, platforms/aggregators on-board delivery-partners with any fuel composition at the start - as they might be able to upgrade to EV at a later stage.
- **Lack of proven market products for EVs :** If we review the current available e-vehicles available for goods carriage in 4 Wheeler and 2 Wheeler segment there are not many OEMs with solutions offering products for cargo and commerce today. The business models and products for use of EVs in last mile supply chain of aggregators such as E-commerce is yet to evolve.

IAMAI Suggestions:

- **Target of EV transition may not be mandated till platforms/ aggregators have strong use case / options of fleet products available**
- **Target be reduced to 10% by end of 2023 so that it can be achieved with minimum disruption to the economy.**
- **Fleet conversion may be adjusted against requirement of new fleets. If 100 new vehicles are onboarded then the requirement can be fulfilled by existing fleet conversion or new fleet capacity.**
- **Treatment of e-cycles + cycles be excluded since large number of delivery partners use cycles.**

2. License Validity & Fee:

4.1. All aggregators operating more than 50 vehicles, would be required to take a license for operating in the NCT of Delhi, henceforth.

6.1. A License granted shall be valid for a period of 1 year from the date of its issuance, subsequent to which it shall be renewed by the Transport Department on an application for renewal made by the Aggregator.

6.2. For the purposes of such renewal, the Transport Dept. shall examine the Aggregator's records in compliance with Annexure A and the documents prescribed thereof.

6.3. The license fee applicable for the aggregator shall be subject to the number of drivers (and their vehicles) associated with the aggregator along with the vehicle segment and fuel-base of the vehicles deployed by the aggregator. The details of the fee to be levied on the aggregator are elaborated in Annexure B.

Issue / Impact:

Gig economy is largely free-lanced and task-based, providing flexibility to its partners. It has the potential to serve multiple jobs and add to the economic performance of the country. A state level regulation to get a license to operate might curb the essence of the gig economy, and lead to a domino effect across states. This might impact not only the businesses, but also the large number of delivery-partners that associate with platforms.

Additionally, given the transient nature of the platform, it would be difficult to ascertain the fee basis the exact number of vehicles as people have the flexibility of logging in and out. With regards to the validity of the license, at-least a 5 year period may be considered.

IAMAI Suggestions:

- It is therefore requested that an aggregator license for operating within NCT of Delhi not be a regulatory mandate, particularly for aggregators who do not undertake passenger transport. If it however must be implemented, duration of validity should be at least 5 years.
- It is requested that any fee that the aggregator pays to license the vehicle should be calculated on a use basis (e.g. 0.5 rupee a day) and the vehicle may be off-boarded in case it is not being used to service that particular aggregator for more than 21 consecutive days. In case any vehicle is off-boarded the outstanding money for the year should be refunded to the aggregator. Any re-onboarding should only follow the same process and the cost should be not be retrospective in nature.

3. Mobility Clauses:

7.2. The Operating center/CCC shall be in a position to monitor the movements of all the drivers and their vehicles on-boarded by the Aggregator at any given time. The following aspects shall be adhered to by the Aggregator providing passenger transport service:

7.3. The Aggregator shall take appropriate action against the driver partners having 15% or more grievances for the rides undertaken by him/her in a period of one (1) month. The data so referred shall be stored/collected by the Aggregator for at least 3 months from the date of service provided.

7.4. For drivers having a rating less than 3.5 over a period of one year, the Aggregator should undertake remedial training and corrective measures to rectify the issues. Further the driver partner will be afforded an observation period of 3 months, during which his/her performance will be closely monitored by the Aggregator and the Transport department, GNCTD. post which, if the performance of the driver partner does not improve, the Transport Department, GNCTD can terminate the PSV Badge of the driver.

11. Regulation of Fares for Aggregators providing passenger transport services & on-demand mobility services.

11.1. The aggregators providing on-demand passenger mobility service shall be required to comply with the order(s) of the Dept. of Transport, GNCTD as may be notified from time to time.

11.2. The aggregators may be allowed to charge a fare with maximum surge pricing not exceeding twice the base fare as specified by the Transport Department, GNCTD from time to time.

13.2. Aggregator shall ensure that the Driver plies the vehicle on the route assigned on the App and in non-compliance of the same, shall notify the Driver and the Rider on their respective mobile applications.

13.3. Aggregator shall put in place a mechanism on the App to ensure that the identity of the Driver undertaking a trip is the same as the one enlisted with the Aggregator through verification or confirmation from the Rider before the commencement of each trip.

Issue / Impact:

Some of these sections pertain to passenger vehicles and on-demand mobility vehicles. For food and last mile delivery, these provisions may not be applicable.

- In food delivery, a rider traveling from restaurant to customer location does not pose any threat to customer and hence does not need tracking of his/her movements.
- Rider is also not carrying any high value/high risk item hence does not pose any security threat
- In food delivery, the interaction between customer and delivery partner is not more than 15-20 seconds. Hence, the rating by the customer of a delivery is heavily influenced by food quality, delay in order delivery, both of which are outside the control of a rider
- Delivery partners optimize routes for quick delivery without impacting the customer in any way, the route for partners is based on the fastest route available which can be through smaller nooks and crannies as well.
- 30% of fleet is cyclists which can take narrower roads and hence they optimize their routes according to the best available options.

IAMAI Suggestions:

- We request that aggregators involved in non-passenger activities be exempt from these provisions, and that the policy explicitly calls the exemption out (so as to reduce ambiguity).

4. Vehicle and Driver-Partner Registration:

4.1. Clause 5.1:

5.1. The Aggregator(s) shall ensure registration of all onboarded driver-partners and their vehicles currently in use (at: the portal as notified by the Transport Department, GNCTD), within 3 months from the date of the notification of this scheme.

Issue/Impact

The vehicles belong to delivery-partners – some of them rent the vehicles that they use. Therefore, there isn't always a one-to-one match between the number of delivery-partners and the number of vehicles. Hence a system-based model to register vehicles may seem more appropriate.

IAMAI Suggestions:

- The system should allow multiple drivers to get attached to a vehicle as well as multiple aggregators. The prescribed time of 3 months might be short given the number of driver-partners. It should also be noted that the number of delivery partners changes given the transient nature of the industry, so attaching a timeline for registration might not be apt. Request for consideration of a longer/ ongoing time span.
- In the industry, the same delivery-partner could also be associated with other platforms. Therefore, registration of one delivery-partner can happen through multiple aggregators. Request that the draft takes this into consideration.
- At the central level, such registration will also be undertaken as the E-Shram portal is live.

Request GNCTD to seek synergistic avenues of leveraging that data in coherence with the Central Government, so as to reduce duplication of effort.

4.2. Clause 9.1:

9.1. The Aggregator shall ensure that the Driver shall have the following valid documents at the time of on-boarding:

- A valid driving license to drive the relevant vehicle (as applicable),
- A valid registration certificate of the relevant vehicle and
- A valid public service vehicle badge (as may be applicable).

IAMAI Suggestions:

Many delivery-partners are cyclists, for whom we do not mandate submission of a driver's license. Request that the documents requested for delivery-partners of aggregators in food and last mile delivery (who are not involved in passenger vehicles) be:

- **PAN Card, Driver license for those operating automated 2Ws, with cyclists exempted**

4.3. Clause 9.2:

9.2. The Aggregator shall ensure that all vehicles (2-W, 3-W and 4-W) on-boarded at the time of registration shall bear commercial registrations.

Issue/Impact

Currently the applicable rules and regulations governing issuance of commercial registration for vehicles is limited to 3W and 4W and there is **no process for obtaining commercial registration for 2W**. Since driver-partners have 2Ws or cycles which they have either rented or bought, they may not have commercial registration.

IAMAI Suggestions:

- **Request that this section be modified accordingly so that delivery-partners do not get excluded from this economy owing to vehicle registration type and that there should be no need to apply for a commercial licence especially for 2 Wheelers**

4.4. Clause 9.3:

9.3. The Aggregator shall ensure that all new vehicles (2-W, 3-W and 4-W) that will be on-boarded are not older than 5 years from the date of registration of the vehicle and further all the vehicles in the fleet shall not be older than 8 years from the date of registration of the vehicle.

Issue/Impact

This runs contrary to provisions that permit longer durations, including Delhi's Transport Department's advisory to not ply 15-year-old petrol and 10-year-old diesel vehicles. Accordingly, some vehicles of delivery-partners may be older than what this policy draft requires. The provision of 8 years now might lead to removal of some driver-partners currently on platforms who own 2Ws older than that, until they get a newer vehicle. If they cannot afford a newer vehicle anytime soon, this will lead to loss of

earnings.

IAMAI Suggestions:

- **Request that this section be reconsidered, with a prospective (as opposed to retrospective) lens, as it may lead to exclusion of some on-boarded driver-partners. We propose that there may be no deviation from the original Delhi Transport Dept. advisory of 15 years and 10 years for Petrol and Diesel Vehicles. Also, we propose that EV fleet may not have any such restrictions.**

5. Other issues:

| Provision | IAMAI Suggestions |
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| <p>4.5. Any applicant, seeking issuance of a license to operate as an Aggregator, will have to register themselves at the portal as notified by the Transport Department, GNCTD and will duly fill the form provided Annexure-A along with the required documents prescribed in the form.</p> <p>5.1. The Aggregator(s) shall ensure registration of all onboarded driver-partners and their vehicles currently in use (at: the portal as notified by the Transport Department, GNCTD), within 3 months from the date of the notification of this scheme.</p> | <p>It is recommended that a nodal person/ office be appointed, and communicated about, to raise any technology related grievances/ bottlenecks pertaining to the portal.</p> |
| Penalties | <p>Request that aggregators may be given a time period of at-least 365 days to adjust to any new norms being brought in given the complexity of the changes being done. Any penalties that are decided should be done at a later stage (after at-least 1 year of notifying this policy).</p> <p>Also request Govt. to establish an escalation process before aggregators are penalized. The penalty amounts currently recommended should be reduced.</p> |
| 16.1. Any Aggregator aggrieved by any suspension/cancellation order passed by the Competent Authority under this scheme may, within 30 days of receipt of the order, appeal to such Appellate Authority, as notified by the Transport Department, GNCTD. | <p>Request that details on the Appellate Authority, as well as the portal specified in Sections 4.5 and 5.1 form part of this document prior to its publication in the Official Gazette. Request that a grievance redressal mechanism also be included for smooth implementation of the policy provisions.</p> |
| Section 9. Aggregator will ensure that the on-boarded vehicle must logo/branding of the concerned Aggregator. | <p>Request for a system based (QR Code) smart mechanism.</p> |